

## *City Council Report*

Item: 12,  
Category: New Business  
Meeting Date: May 5, 2015

**TITLE:** Review of Project Status, Authorizing the Public Works Director to Execute an Amendment to the Construction Contract with Ghilotti Construction Company in an Amount Not to Exceed \$550,000 and Authorizing the City Engineer to Negotiate and Execute Contract Change Orders up to the Amended Contract Amount of \$550,000, Approving Revisions to the Pavement Maintenance Program, and Approving a Budget Adjustment for Hacienda Avenue Green Street Improvement Project No. 08-04B in the Amount of \$550,000 (Resolution/Roll Call Vote)

### **RECOMMENDATION**

That the City Council adopt the attached resolution:

1. Noting and filing the review of the current status of the Hacienda Avenue Green Street Improvement Project 08-04B; and
2. Authorizing the Public Works Director to execute an amendment to the construction contract with Ghilotti Construction Company in an amount not to exceed \$550,000; and
3. Authorizing the City Engineer to negotiate contract change orders up to the amended contract amount of \$550,000; and
4. Approving revisions to the Pavement Maintenance Program; and
5. Authorizing a budget adjustment to transfer \$550,000 from the Annual Street Maintenance Project 15-AA to the Hacienda Avenue Green Street Improvement Project 08-04B.

### **BACKGROUND**

On October 18, 2011, Council adopted Resolution No. 11336 approving the use of the federally funded Community Design and Transportation (CDT) grant funds for a Hacienda Avenue Improvement Project.

At the September 18, 2012 City Council meeting, Council authorized the City Manager to execute a project agreement for the acceptance of \$2M of state funds from Proposition 84 with the Association of Bay Area Governments (ABAG) for the Hacienda Avenue Green Street Improvement Project 08-04.

On November 20, 2012, Council approved the conceptual design for the Hacienda Avenue Green Street Improvement Projects. Due to the need to address federal

regulations as required by the CDT grant, the project was divided into two construction contracts with Project A containing the project elements funded by the CDT grant and Project B containing elements funded by the Proposition 84 grant funds.

At the September 17, 2013 study session, staff presented an update on the Hacienda Avenue Green Street Improvement Projects A and B to the Council, reviewed project goals and discussed the various final design elements.

On October 1, 2013, the City Council approved the plans, specifications and estimates and authorized the bid and award of the Hacienda Avenue Green Street Improvement Projects A & B.

Two bids were received for the Hacienda Avenue Green Street Project 08-04B and were opened on April 29<sup>th</sup>. Due to complications with the bids submitted, staff recommended the rejection of all bids and a re-bid of the project. Council approved this action at the May 6, 2014 City Council meeting.

On May 21, 2014 three bids were opened for the Hacienda Avenue Green Street Improvement Project 08-04B and on June 2, 2014, the City Council authorized the Public Works Director to execute a construction contract with low bidder, Ghilotti Construction Company (GCC) for the Hacienda Avenue Green Street Improvement Project 08-04B. On July 22, 2014 a contract was executed with GCC in the amount of \$4,558,061.70, including third party reimbursable utility work and a 10% contingency.

Since that time, GCC, as well as all the utility companies, have been working diligently toward the completion of the project.

## **DISCUSSION**

Several unforeseen items and differing site conditions have adversely impacted the construction progress on the Hacienda project and staff has prepared the following status report and update of issues encountered on the project to date. These issues are presented below for Council's information and associated actions.

### **Size and Number of Cobblestones**

Although it was known that the soils in the area contained cobblestones, the quantity and size of the cobblestones has been found to be substantially more than originally quantified by preliminary soils testing. The project was designed with the understanding that the presence of the cobblestones would result in slower trenching operations; however, issues regarding the disposal of the soil from the trenches due to the excessive cobblestone material was not anticipated to be an issue. GCC had originally secured a landfill site in Palo Alto that was accepting the materials off-hauled from the Hacienda Avenue project site, however due to the existence of excessive cobblestones in the material, the dump site has recently notified GCC that the landfill will no longer accept any further loads of the cobblestone rich material for disposal. The contractor is

actively looking for a new location to take the excess material, but has not found a location to date. It is likely that the new location may involve additional travel time as well as increased costs for disposal.

There is still a significant amount of material remaining to be removed from the site that will need to be taken to a new landfill site. The additional cost impact of disposing excavated material at a new disposal site has been estimated to be in the range of \$180,000 - \$200,000, as long as a fairly local site can be found; however, the exact cost is unknown at this time. These additional costs would increase as the distance of the disposal site gets further from the project area. Additional project expenses in this range would deplete and exceed the remaining project construction contingency funds.

Improvements identified for Hacienda Avenue were designed with the intent of providing a more sustainable final project while also using more environmentally friendly construction practices. As indicated in previous reports, the use of the full depth reclamation (FDR) process for the rehabilitation of the pavement section on Hacienda Avenue was both an economical choice because the FDR treatment would be much less expensive than a total pavement reconstruction, and an environmentally friendly option as a majority of the existing materials on site would be reused to complete the new pavement section. The goal of the FDR process was to keep as much material on site and reuse that material in order to minimize landfill waste, trucking, and production and use of hot mix asphalt. If the FDR process was not to be used on this project, the amount of soil off-haul for a total pavement reconstruction would be more than double the current soil off-haul quantities and the impacts of disposal costs on the project budget would be greatly increased.

The number and size of cobblestones also presents a challenge for the FDR process. While the FDR process and equipment can accommodate a certain amount of cobblestones of a normal size, the excavations completed on Hacienda Avenue have revealed the soil contains an excessive amount of larger cobblestones which cannot be handled by the mixing and paving equipment. GCC has notified the City that they will not be able to perform the FDR process without the addition of a separate process to crush the existing materials down to a size that can then be accommodated by their FDR equipment. GCC has prepared a proposal to bring in a rock crusher ahead of the originally contemplated FDR process that would reduce the cobblestones to a size that can be accommodated by the equipment used to mix and place the FDR section. This process would require the closure of the street to accommodate the crushing operations.

Pavement consultants were consulted by staff and additional testing was performed in order to further evaluate the existing soil conditions on Hacienda Avenue and to determine if there were any other options to address the necessary pavement reconstruction and rehabilitation. Although some options were provided to modify the required FDR pavement thickness, a total pavement reconstruction or completion of the FDR process using the pre-crushing operation were the two options that were identified.

As previously indicated, the total reconstruction process would require the removal of a substantial amount of additional soil from the site, and disposal at an appropriate dump site prior to the importing of numerous truckloads of new hot mix asphalt for the placement of the full depth asphalt pavement section. The additional costs for this work were estimated to be in the \$2M range and therefore this process was again eliminated from consideration due to the high cost as well as over-riding environmental concerns. Staff is therefore recommending the use of the rock crushing process.

The use of the crushing process would require intermittent closures of one half of Hacienda Avenue at a time as the crusher is moved to the site and the materials to be used for the new pavement section are excavated, crushed, and replaced. Following the crushing operation, the original FDR process of mixing the existing materials with soil stabilizers would proceed prior to the placement of the asphalt driving surface. It is anticipated that the rock crushing operation would add approximately four weeks to the project schedule and would cost approximately \$326,000. The current project construction contingency amount is not sufficient to complete this process.

The Hacienda Avenue residents and surrounding neighborhood would be inconvenienced by the crushing operation as the roadway would need to be closed to traffic in order to complete the process. The contractor proposes to close Hacienda Avenue and complete the crushing and FDR placement in two separate segments. Hacienda Avenue between Burrows/STAR and Virginia Avenue would be one closure, while the area between Virginia Avenue and Winchester Boulevard would be the other. During the construction hours, traffic would not be allowed in these areas and residents would be able to use the sidewalks to access their properties. In the evenings, local traffic would be allowed with vehicle access to properties within the closed area. The contractor has also agreed to make special access accommodations that may be needed on an individual basis. Should Council approve the use of the crushing operation, staff and the contractor would hold a community meeting to discuss the proposed schedule, road closures, and special accommodations with the residents in the area before developing the final road closure and detour plans. The contractor has also agreed to continue to monitor and provide dust and noise control for the crushing operation; however, it is anticipated that these impacts would not be any greater than those associated with the FDR process.

#### Sanitary Sewer Lateral Replacements and Installation of Clean-Outs

Originally the sanitary sewer main and laterals within the project area were not scheduled for removal or replacement and were determined to be deep enough so as not to interfere with the reconstruction of Hacienda Avenue. Because most of the sanitary sewer laterals in the project area were constructed with direct connections from the home to the sanitary sewer main, there are no clean-outs that can be used by West Valley Sanitation District (WVSD) to verify the lateral locations or assess the condition of the laterals using videotaping. As a result, several laterals were encountered in locations other than anticipated, and were damaged during the construction of the bio-

infiltration basin. Because the properties along this stretch are not equipped with sanitary sewer clean-outs, WVSD has requested the opportunity to install clean-outs for all the properties along Hacienda Avenue, and to use those new clean-outs to complete a more in depth analysis of the condition of these lateral lines. Based on the videotape, WVSD would determine if a replacement of the lateral is necessary, and if so, the lateral would be replaced. WVSD began the clean-out installation and the analysis of lines on the south side of Hacienda, and to date has removed and replaced approximately 23 sanitary sewer laterals from the property line to the sanitary sewer main pipe in the street. WVSD would like to continue the installation of clean-outs and the evaluation of lateral lines on the north side of the project as well. This operation has resulted in a suspension of the main contract work by Ghilotti Construction Company until the WVSD work can be substantially completed. Staff is working with WVSD and GCC to determine when GCC can return to the job site in order to resume their contract work that was in progress before the contract suspension. It should be noted that sanitary sewer clean-out installation is normally required by WVSD and installed and paid for by the property owner; however, given the current project schedule, WVSD is completing this work without any charges to the property owner. The installation of the clean-outs and replacement of lateral lines is a significant upgrade for the property owners along Hacienda Avenue.

#### Project Schedule Impacts

Based on the proposed addition of the rock crushing operation and the additional WVSD sanitary sewer lateral work, the completion date for the project is estimated to be early September. Staff will be diligently working with both Westmont High School and Capri Elementary School in an effort to minimize impacts to school traffic.

#### Additional Funding

As indicated above, additional funds in an estimated amount of \$526,000 are necessary in order to complete the rehabilitation of the pavement along Hacienda Avenue. Staff is recommending that additional funding in the amount of \$550,000 be obtained from the City's Pavement Management Program (PMP), and specifically from the FY 14-15 Annual Pavement Maintenance Project 15-AA. This will accommodate the current estimates plus an additional \$24,000 to be used as a minor construction contingency.

Funding in the amount of \$935,000 was approved in the adopted FY 14-15 Capital Improvement Program for the Annual Pavement Maintenance Project 15-AA. This project had originally targeted the rehabilitation of Hamilton Avenue between Bascom Avenue and the easterly City limits. Not only was this section targeted by the PMP as an arterial in need of rehabilitation, but adjacent portions of Hamilton Avenue were going to be rehabilitated by the City of San Jose and staff had hopes of combining the projects into one consistent treatment for this portion of Hamilton and hoped to realize cost savings through a joint project. After further coordination with San Jose staff, Campbell staff determined that the treatment being completed by the City of San Jose would not be an effective rehabilitation treatment for the pavement located within Campbell. Additionally, this arterial could be a highly competitive project for future grant funding.

Preliminary indications are that a majority of the future grant funds may be more easily obtained for arterial and collector street projects. In light of this, staff revisited the PMP and re-directed the available City funds toward the rehabilitation of the residential street network for FY 15/16, rather than the completion of another arterial and collector rehabilitation project. After running this scenario through the City's StreetSaver Pavement Maintenance Program, it was determined that the City's overall PCI would be impacted and at the end of the 5 year Annual Street Maintenance program as included in the City's CIP, the City's average PCI is estimated to decrease from 70 to 69.

Staff will return to Council at a later date with additional information and recommendations on implementing the Annual Pavement Maintenance Program. The revised program would likely combine the budget balance from FY 14/15 (\$385,000) with that of FY 15/16 (\$940,000), and would present a project that would focus on residential and collector streets rather than arterials.

In summary, the attached resolution has been prepared for Council's consideration to:

1. Note and file the review of the current status of the Hacienda Avenue Green Street Improvement Project 08-04B; and
2. Authorize the Public Works Director to execute an amendment to the construction contract with Ghilotti Construction Company in an amount not to exceed \$550,000; and
3. Authorize the City Engineer to negotiate contract change orders up to the amended contract amount of \$550,000; and
4. Approve revisions as presented to the Pavement Maintenance Program; and
5. Authorize a budget adjustment to transfer \$550,000 from the Annual Street Maintenance Project 15-AA to the Hacienda Avenue Green Street Improvement Project 08-04B.

#### FISCAL IMPACT

The current anticipated Source and Use of Funds for Project 08-04B is as follows:

##### Source of Funds

CIPR	\$1,497,400
Construction Tax	\$150,000
Environmental Services	\$50,000
Integrated Regional Water Management Plan Grant	\$2,000,000
Pavement Management Program Carryforwards	\$1,396,803
Annual Street Maintenance Project 15-AA	\$550,000
Santa Clara Valley Urban Runoff Pollution Prevention Program	\$90,000
Utility Relocation (Includes 15% Administrative Charge)*	\$74,175
<b>TOTAL</b>	<b>\$5,808,378</b>

**Anticipated Use of Funds**


Design	\$417,510
Construction Engineering (Inspection, Material Testing)	\$282,806
Construction Contracts	\$4,079,192
Construction Contingency – 10% (Originally Approved)	\$407,920
Additional Contract Change Orders	\$550,000
Utility Relocations (w/10% Contingency)	\$70,950
<b>TOTAL</b>	<b>\$5,808,378</b>

**ALTERNATIVES**

Do not approve the proposed rock crushing treatment and direct staff to use a full depth asphalt concrete process instead of the FDR process for Hacienda Avenue and direct staff to return to Council with a proposed schedule and budget adjustment for the full depth process.

Prepared by:   
Fred Ho, Senior Civil Engineer

Reviewed by:   
Michelle Quinney, City Engineer

Reviewed by:   
Todd Capurso, Public Works Director

Reviewed by:   
Jesse Takahashi, Finance Director

Approved by:   
Mark Linder, City Manager

Attachment 1: Resolution

Attachment 2: Budget Adjustment

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL  
AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE AN AMENDMENT  
TO THE CONSTRUCTION CONTRACT WITH GHILOTTI CONSTRUCTION  
COMPANY IN AN AMOUNT NOT TO EXCEED \$550,000 AND AUTHORIZING THE  
CITY ENGINEER TO NEGOTIATE CONTRACT CHANGE ORDERS IN AN AMOUNT  
NOT TO EXCEED THE AMENDED CONTRACT AMOUNT OF \$550,000 AND  
APPROVING A BUDGET ADJUSTMENT TO TRANSFER \$550,000 FROM THE  
ANNUAL STREET MAINTENANCE PROJECT 15-AA TO THE  
HACEINDA AVENUE GREEN STREET IMPROVEMENT PROJECT 08-04B**

**WHEREAS**, on October 1, 2013 the City Council approved the plans and specifications for the Hacienda Avenue Green Street Improvement Project No. 08-04B; and

**WHEREAS**, on June 2, 2014 the City Council authorized the Public Works Director to execute a construction contract with Ghilotti Construction Company; and

**WHEREAS**, a construction contract in the amount of \$4,558,061.70 was executed with Ghilotti Construction Company for the Hacienda Avenue Green Street Improvement Project 08-04B; and

**WHEREAS**, several unforeseen items and differing site conditions have adversely impacted the construction progress and cost of the Hacienda project; and

**WHEREAS**, the quantity and size of the cobblestones has been found to be substantially more than originally quantified by preliminary soils testing; and

**WHEREAS**, the dump site secured for the off-haul of the material has recently refused to accept any further loads of the cobblestone material for disposal; and

**WHEREAS**, costs to dispose of the remaining excavated soil would exceed the remaining project construction contingency funds; and

**WHEREAS**, the size and number of large cobblestones prevents the use of the FDR equipment; and

**WHEREAS**, the contractor has proposed a rock crushing operation to address the issue; and

**WHEREAS**, the current construction contingency amount is not sufficient to complete the rock crushing operation; and



**WHEREAS**, staff is recommending that the additional funding needed for this work be obtained from the City's Pavement Management Program, specifically from the FY14-15 Annual Pavement Maintenance Project 15-AA; and

**WHEREAS**, staff has proposed revisions to the Pavement Management Program to redirect funds towards a residential and collector street project for FY 15-16; and

**WHEREAS**, a budget adjustment has been prepared to transfer \$550,000 from the Annual Street Maintenance Project 15-AA to the Hacienda Avenue Green Street Improvement Project 08-04B.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Campbell hereby:

1. Notes and files the review of the current status of the Hacienda Avenue Green Street Improvement Project 08-04B; and
2. Authorizes the Public Works Director to execute an amendment to the construction contract with Ghilotti Construction Company in an amount not to exceed \$550,000; and
3. Authorizes the City Engineer to negotiate contract change orders up to the amended contract amount of \$550,000; and
4. Approves of revisions to the Pavement Maintenance Program; and
5. Authorizes a budget adjustment to transfer \$550,000 from the Annual Street Maintenance Project 15-AA to the Hacienda Avenue Green Street Improvement Project 08-04B.

**PASSED AND ADOPTED** this 5<sup>th</sup> day of May, 2015 by the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

APPROVED:

\_\_\_\_\_  
Jeffrey R. Cristina

ATTEST:

\_\_\_\_\_  
Wendy Wood, Acting City Clerk

# City of Campbell

## Request for Budget Adjustments

Department/Program	Division	Date	Request No.
Public Works	CIP 804B Hacienda Avenue Green Street Improv. Project	May 5, 2015	BA 17

### Budget to be Reduced


Fund	Account Number	Description	Amount
435	15AA.7883	Improvement other than Building Street Maintenance	550,000
212	15AA.9999	Capital Transfers Out Measure B	365,000
202	15AA.9999	Capital Transfers Out Vehicle Impact Fees	185,000

### Budget to be Increased


Fund	Account Number	Description	Amount
435	804B.7883	Improvement other than Building Hacienda Avenue	550,000
212	804B.9999	Capital Transfers Out Measure B	365,000
202	804B.9999	Capital Transfers Out Vehicle Impact Fees	185,000

#### REASON FOR REQUEST - BE SPECIFIC:

To transfer \$550K expenditure budget and funding sources from CIP 15AA Street Maintenance Project to CIP 804B Hacienda Avenue Project for an amendment to a construction contract.

  
Todd Capurso  
Public Works Director

  
Jesse Takahashi  
Finance Director

  
Mark Linder  
City Manager